

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Public Utilities Act is amended by adding
5 Section 9-220.3 as follows:

6 (220 ILCS 5/9-220.3 new)

7 Sec. 9-220.3. Renewable energy portfolio standard and
8 energy efficiency portfolio standard.

9 (a) The General Assembly finds and declares that it is
10 desirable to obtain the environmental quality, public health,
11 employment, economic development, rate stabilization, and fuel
12 diversity benefits of developing new renewable energy
13 resources for use in Illinois. The General Assembly has
14 previously found and declared that the benefits of electricity
15 from renewable energy resources accrue to the public at large,
16 thus consumers and electric utilities and alternative retail
17 electric suppliers share an interest in developing and using a
18 significant level of these environmentally preferable
19 resources in the State's electricity supply portfolio. The
20 General Assembly has previously found and declared that
21 renewable forms of energy should be promoted as an important
22 element of the energy and environmental policies of the State.

23 (b) For purposes of this Section:

1 "Renewable energy credit" means a tradable credit that
2 represents the environmental attributes of a certain amount of
3 energy produced from a renewable energy resource.

4 "Renewable energy resources" includes energy or renewable
5 energy credits from wind, solar thermal energy, photovoltaic
6 cells and panels, dedicated crops grown for energy production
7 and organic waste biomass, hydropower that does not involve new
8 construction or significant expansion of hydropower dams, and
9 other such alternative sources of environmentally preferable
10 energy. For purposes of this Section, "renewable energy
11 resources" includes landfill gas from landfills located in the
12 State. "Renewable energy resources" does not include, however,
13 energy from the incineration, burning or heating of waste wood,
14 tires, garbage, general household, institutional and
15 commercial waste, industrial lunchroom or office waste,
16 landscape waste, or construction or demolition debris.

17 (c) The following renewable energy portfolio standards
18 shall apply:

19 (1) An electric utility shall procure or obtain
20 renewable energy resources in amounts that equal or exceed
21 the following percentages of the total electricity that
22 such electric utility supplies to its retail Illinois
23 customers: 2% by December 31, 2008; 4% by December 31,
24 2009; 5% by December 31, 2010; 6% by December 31, 2011; 7%
25 by December 31, 2012; 8% by December 31, 2013; 9% by
26 December 31, 2014; and 10% by December 31, 2015. It shall

1 be the goal of the State that cost-effective renewable
2 energy resources be available to supply an amount of the
3 total electricity that electric utilities supply to their
4 retail customers that will continue to increase after 2015
5 by 1.5% per year to 25% by 2025. Provided, however, that if
6 the Commission's promulgation of rules pursuant to item (7)
7 is delayed beyond March 31, 2008, but occurs prior to April
8 1, 2009, the initial target year and each subsequent target
9 year shall be delayed by one year; the targets shall be
10 delayed by an additional year for each additional year or
11 fraction thereof that the Commission's promulgation of
12 rules is delayed. In the event that the Commission's
13 promulgation of rules is delayed after March 31, 2008, but
14 occurs before July 1, 2008, the utility shall nonetheless
15 meet one-quarter of the target for 2008 of electricity
16 supplied to retail Illinois customers by December 31, 2008.
17 To the extent that it is available, at least 75% of the
18 renewable energy resources used to meet these standards
19 shall come from wind generation. For purposes of this
20 subsection (c), "cost-effective" shall mean that the costs
21 of procuring renewable energy resources do not cause the
22 limit stated in item (3) to be exceeded.

23 (2) For the purposes of this subsection (c), the
24 required procurement of renewable energy resources for a
25 particular year shall be measured as a percentage of the
26 actual amount of electricity (megawatthours) supplied by

1 the electric utility in the calendar year ending
2 immediately prior to the procurement.

3 (3) Notwithstanding the requirements of item (1) of
4 this subsection (c), an electric utility may reduce the
5 amount of renewable energy resources procured under new
6 contracts in any single year by an amount necessary to
7 limit the estimated average increase due to the cost of
8 these resources included in the amounts paid by retail
9 customers in connection with electric service to no more
10 than 0.5% of the amount paid by such customers during the
11 preceding calendar year, with such limit increasing by 0.5%
12 in each of the 3 years 2009 through 2011, for a maximum cap
13 on the allowed estimated average increase due to the cost
14 of these resources of 2.0%. The maximum cap on the allowed
15 estimated average increase due to the cost of these
16 resources is 2%. No later than June 30, 2011, the
17 Commission shall review the rate limitation and report to
18 the General Assembly its findings as to whether the rate
19 cap unduly constrains the procurement of renewable energy
20 resources that are cost effective.

21 (4) Renewable energy resources shall be counted for the
22 purpose of meeting the renewable energy standards set forth
23 in item (1) of this subsection (c) only if they are
24 generated from facilities located in the State, provided
25 that cost-effective renewable resources are available from
26 such facilities. After December 31, 2011, renewable energy

1 resources located in states that adjoin Illinois may be
2 counted towards compliance with the standards set forth in
3 item (1) of this subsection (c) so long as such resources
4 are generated from resources that meet the definition of
5 renewable energy resources as defined by this statute. Any
6 electric utility with fewer than 100,000 but more than
7 50,000 customers in Illinois as of January 1, 2007 shall be
8 allowed to count renewable energy resources generated in a
9 state adjoining Illinois for the purpose of meeting the
10 renewable energy standard set forth in item (1) of this
11 subsection (c) if such resources are generated from a
12 facility constructed in the year 2006.

13 (5) Each electric utility shall report to the
14 Commission on compliance with these standards by April 1 of
15 each year, beginning in 2009.

16 (6) If an electric utility does not, during a calendar
17 year, procure or obtain the full amount of renewable energy
18 resources specified by the standards in item (1) of this
19 subsection (c), as modified by the limitations of item (3)
20 of this subsection (c), then the electric utility shall pay
21 a penalty of \$40 per megawatthour for any shortfall during
22 such year unless and until the utility makes sufficient
23 additional purchases in the following year to offset the
24 shortfall. Provided, however, that, if the electric
25 utility proves to the Commission that cost-effective
26 renewable energy resources are not available in sufficient

1 quantities to meet the renewable energy standards set forth
2 in item (1) of this subsection (c), as modified by the
3 limitations of item (3) of this subsection (c), and, if the
4 Commission finds that the electric utility has, in fact,
5 proved that the cost-effective renewable energy resources
6 are not available in sufficient quantities, after notice
7 and a hearing conducted in accordance with the Commission's
8 rules of practice, then the Commission shall waive the
9 penalty. Any penalty payment shall be deposited into the
10 Renewable Energy Resources Trust Fund to be used by the
11 Department of Commerce and Economic Opportunity for the
12 sole purposes of supporting the actual development,
13 construction, and utilization of renewable energy projects
14 in the State.

15 (7) The Commission shall promulgate rules as necessary
16 within 9 months after the effective date of this Act to
17 assist in implementing this subsection (c) including, but
18 not limited to, methods of procurement, accounting,
19 tracking, and reporting in order to achieve the full
20 objectives of this subsection (c). The rules shall also
21 provide for recovery of costs incurred and the pass through
22 to customers of any savings achieved by electric utilities
23 as a result of procuring or obtaining the renewable energy
24 resources specified under item (1) of this subsection (c).
25 The rate elements and rates used for such cost recovery may
26 be established by the electric utility, subject to the

1 Commission's review and approval, outside the context of a
2 general rate case.

3 (8) In connection with their compliance with the
4 requirements of item (1) of this subsection (c), electric
5 utilities may enter into long-term contracts of up to 20
6 years in length with providers of renewable energy
7 resources, and the costs or savings associated with those
8 contracts shall be reflected in tariffed rates for the
9 duration of those contracts.

10 (9) Nothing shall prohibit an electric utility from
11 issuing a competitive solicitation for renewable energy
12 resources in order to meet the standards of item (1) of
13 this subsection (c) and from beginning to recover the
14 associated costs in advance of the conclusion of the
15 rulemaking referenced in item (7) of this subsection (c),
16 provided that such electric utility shall have first
17 requested and received Commission approval for the design
18 and conduct of such solicitation and the associated cost
19 recovery methodology and tariff, which the Commission
20 shall review and consider.

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.